
HOUSE BILL 2912

State of Washington 60th Legislature 2008 Regular Session

By Representatives Chandler and Condotta

Read first time 01/17/08. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to protecting public sector workers' rights through
2 public disclosure of public sector unions' finances; adding a new
3 section to chapter 41.58 RCW; adding a new section to chapter 47.64
4 RCW; adding a new section to chapter 28B.52 RCW; adding a new section
5 to chapter 41.56 RCW; adding a new section to chapter 41.59 RCW; adding
6 a new section to chapter 41.76 RCW; adding a new section to chapter
7 41.80 RCW; creating a new section; prescribing penalties; and providing
8 an effective date.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** The legislature finds the power of workers
11 to make sound decisions concerning their careers, workplace choices,
12 workplace representation, and other areas of importance hinges on a
13 worker's access to useful and relevant information. The legislature
14 finds it is important to ensure public sector workers are provided with
15 useful information concerning their membership in a labor union through
16 thorough and complete public disclosure of union finances and by
17 protecting a worker's freedom of speech, assembly, and other rights.

18 The legislature finds today's workforce is more educated,
19 empowered, and familiar with financial data and transactions than at

1 any time in the state's history. Workers are presented with more
2 choices concerning their careers than in the past, in areas such as
3 compensation packages, benefits, and other matters related to their
4 careers. Whether and how to exercise a worker's self-governance rights
5 is among the choices a worker faces.

6 The legislature finds transparency in organizational finances
7 central to sound decision making. The legislature recognizes the
8 federal labor management reporting and disclosure act provides for the
9 reporting of financial data for private sector labor organizations.
10 The legislature intends for all public sector labor organizations in
11 Washington to provide similar, relevant financial data to their
12 members.

13 Residents of Washington state have a cherished populist tradition
14 of involvement in and knowledge of public affairs. The people have
15 already called for open public meetings, government documents upon
16 request, increased legislative awareness through various traditional
17 and electronic media, and transparency of candidate and campaign
18 committee finances. These methods serve as a powerful deterrent
19 against corruption and for people to make decisions about their
20 individual and collective futures.

21 The legislature intends for increased transparency and financial
22 disclosure to provide public sector workers with the knowledge they
23 need to make wise decisions about themselves, their careers, and their
24 families. Sound decision making depends on sound information, and
25 workers cannot be expected to make decisions in their own best interest
26 without access to unbiased and candid information. The legislature
27 intends to ensure members of labor organizations are provided with more
28 complete, timely, and comprehensible information about their union's
29 financial practices, investments, solvency, and expenditures to empower
30 them to protect their personal financial interests and exercise their
31 democratic rights of self-governance.

32 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.58 RCW
33 to read as follows:

34 (1) An employee organization must annually, not more than sixty
35 days after the end of its fiscal year, provide financial disclosure
36 information to all employees in the bargaining unit and to the general
37 public by filing with the commission a report containing the following

1 information, detailed by functional spending categories, that
2 accurately discloses its financial condition and operations for the
3 preceding fiscal year:

4 (a) Assets and liabilities at the beginning and end of the fiscal
5 year;

6 (b) Salary, the cost of fringe benefits, allowances, and other
7 direct or indirect disbursements to each officer of the local, the
8 employee organization, and the support staff, as well as all
9 contributions to state or national affiliates and any official or
10 employee thereof;

11 (c) All income received or the value of services furnished to an
12 employee organization by either a parent affiliated labor organization
13 or by any other labor organization on behalf of the employee
14 organization;

15 (d) A report of the total amount spent by the employee
16 organization, and an itemization of expenditures of more than one
17 thousand five hundred dollars for:

18 (i) Contract negotiation and administration;

19 (ii) Organizing activities;

20 (iii) Strike activities;

21 (iv) Litigation, specifying the matters and cases involved;

22 (v) Public relations activities;

23 (vi) Political activities, including contributions to candidates,
24 ballot measures, member communications, and get out the vote efforts;

25 (vii) Activities attempting to influence the passage or defeat of
26 federal, state, or local legislation or the content or enforcement of
27 federal, state, or local regulations or policies;

28 (viii) Voter education and issue advocacy activities;

29 (ix) Training activities for each officer of the employee
30 organization or employee organization support staff; and

31 (x) Conference, convention, and travel activities engaged in by the
32 employee organization;

33 (e) The percentage of the employee organization's total
34 expenditures that were spent for each of the activities described in
35 (d) of this subsection;

36 (f) The names, addresses, and activities of any of the law firms,
37 public relations firms, or lobbyists whose services are used by the

1 employee organization for any activity described in (d) of this
2 subsection;

3 (g) A list of political candidates, political organizations,
4 charitable organizations, nonprofit organizations, and community
5 organizations to which the employee organization contributed financial
6 or in-kind assistance and the dollar amount of such assistance; and

7 (h) The name and address of any political action committees with
8 which the employee organization is affiliated or to whom it provides
9 contributions, the total amount of contributions to those committees,
10 the candidates or causes to which the committees provided any financial
11 assistance, and the amount provided to each candidate or cause.

12 (2) The report required in subsection (1) of this section must be
13 prepared by an auditing organization, independent of the employee
14 organization, using generally accepted auditing standards and generally
15 accepted accounting principles, that ensures the accuracy and veracity
16 of the information provided by the employee organization. All
17 expenditures must be reported as either germane to collective
18 bargaining, contract administration, or grievance processing, or not so
19 related.

20 (3) The employee organization must disclose information to all
21 employees in the bargaining unit and to the general public by filing
22 with the commission a report signed by its president and secretary or
23 corresponding principal officers, and containing the following
24 information:

25 (a) The name of the employee organization, its mailing address, and
26 any other address at which it maintains its principal office or at
27 which it keeps records;

28 (b) The name and title of each of its officers;

29 (c) The initiation fee or fees required from a new or transferred
30 member;

31 (d) The regular dues or fees or other periodic payments required to
32 remain a member of the reporting employee organization; and

33 (e) Detailed statements regarding the provisions made and
34 procedures followed with respect to each of the following:

35 (i) Qualifications for, or restrictions on, membership;

36 (ii) Levying of assessments;

37 (iii) Participating in insurance or other benefit plans;

1 (iv) Authorization for disbursement of funds of the employee
2 organization;

3 (v) Audit of financial transactions of the employee organization;

4 (vi) The calling of regular and special meetings;

5 (vii) The selection of officers and stewards;

6 (viii) Discipline or removal of officers or agents;

7 (ix) Imposition of fines, suspensions, and expulsions of members,
8 including the grounds for such an action and any provision made for
9 notice, hearing, judgment, and appeal;

10 (x) Authorization for bargaining demands; and

11 (xi) Ratification of contract terms.

12 (4) Any change in the information required by subsection (3) of
13 this section must be reported to the commission at the time the
14 employee organization files with the commission the annual financial
15 report required in subsection (1) of this section.

16 (5) Every officer of an employee organization and every employee of
17 an employee organization, other than an employee performing exclusively
18 clerical or custodial services, shall file with the commission within
19 sixty days of the end of its fiscal year a signed report listing and
20 describing for the preceding fiscal year:

21 (a) Any stock, bond, security, loan given or received, or other
22 interest, legal or equitable, which he or she or a spouse or minor
23 child directly or indirectly held in, and any income or any other
24 benefit with monetary value, including reimbursed expenses, which he or
25 she or a spouse or minor child directly or indirectly derived from, any
26 business any part of which consists of buying from, selling or leasing
27 to, or otherwise dealing with, the employer;

28 (b) Any stock, bond, security, loan given or received, or other
29 interest, legal or equitable, which he or she or a spouse or minor
30 child directly or indirectly held in, and any income or any other
31 benefit with monetary value, including reimbursed expenses, which he or
32 she or a spouse or minor child directly or indirectly derived from, a
33 business any part of which consists of buying from, or selling or
34 leasing directly or indirectly to, or otherwise dealing with, the
35 employee organization;

36 (c) Any direct or indirect business transaction or arrangement
37 between him or her or a spouse or minor child and the employer or any

1 subsidiary thereof whose employees the organization represents or is
2 actively seeking to represent, except work performed and payments and
3 benefits received as a bona fide employee of the employer; and

4 (d) Any payment of money or other thing of value, including
5 reimbursed expenses, which he or she or a spouse or minor child
6 received directly or indirectly from any person who acts as a labor
7 relations consultant to the employer.

8 (6) The provisions of subsection (5)(a) through (d) of this section
9 do not require any officer or employee to report his or her bona fide
10 investments in securities traded on a securities exchange registered as
11 a national securities exchange under the securities exchange act of
12 1934, in shares in an investment company registered under the
13 investment company act, or in securities of a public utility holding
14 company registered under the public utility holding company act of
15 1935, or to report any income derived therefrom.

16 (7) Every person required to file any report under subsections (1),
17 (3), and (5) of this section shall maintain records on the matters
18 required to be reported which will provide in sufficient detail the
19 necessary basic information and data from which the documents filed
20 with the commission may be verified, explained or clarified, and
21 checked for accuracy and completeness, and shall include vouchers,
22 worksheets, receipts, and applicable resolutions, and shall keep the
23 records available for examination for a period of not less than six
24 years after the filing of the documents based on the information which
25 they contain. The commission shall preserve the statements or reports
26 for not less than ten years. The contents of the reports and documents
27 filed with the commission under subsections (1), (3), and (5) of this
28 section are public information and shall be made available to the
29 public in the following manners:

30 (a) The commission shall by rule make reasonable provision for the
31 inspection and examination, on the request of any person, of the
32 information and data contained in any report or other document filed
33 under subsections (1), (3), and (5) of this section.

34 (b) The commission shall furnish copies of reports or other
35 documents filed with the commission under subsections (1), (3), and (5)
36 of this section at a charge based on the cost of the service.

37 (c) By ninety days after the effective date of this section, the
38 commission shall operate a web site or contract for the operation of a

1 web site that allows public access to reports, copies of reports, or
2 copies of data and information submitted in reports, filed with the
3 commission under subsections (1), (3), and (5) of this section.

4 (d) The employee organization must make copies of reports or other
5 documents filed under subsections (1), (3), and (5) of this section
6 available to every employee in the bargaining unit, and must annually
7 notify every employee in the bargaining unit that the reports are
8 available on the commission's web site.

9 (8) The commission may determine whether an actual violation of
10 this section has occurred, and following that determination issue and
11 enforce an appropriate order subject to the following terms:

12 (a) If the commission finds that an employee organization has
13 violated this section by failing or refusing to prepare the reports as
14 required in subsections (1), (3), and (5) of this section or by
15 preparing an incomplete or inaccurate report, the commission shall
16 issue an order compelling compliance and assess a fine of fifty dollars
17 for each day each report was overdue.

18 (b) On finding a second violation by the employee organization, the
19 commission shall:

20 (i) Issue an order compelling compliance; and

21 (ii) Assess a fine of fifty dollars for each day each report was
22 overdue or order the refund of all membership dues or agency shop fees
23 to employees in the bargaining unit for the period covered by the
24 report, whichever amount is greater.

25 (c) On finding a third violation by the employee organization, the
26 commission shall:

27 (i) Issue an order compelling compliance;

28 (ii) Assess a fine of fifty dollars for each day each report was
29 overdue or order the refund of all membership dues or agency shop fees
30 to employees in the bargaining unit for the period covered by the
31 report, whichever amount is greater; and

32 (iii) Order an employee election in the affected bargaining unit to
33 determine whether the employee organization will continue to be the
34 exclusive bargaining representative of the bargaining unit. The
35 election shall be conducted upon the expiration of the existing
36 collective bargaining agreement covering the affected bargaining unit.

37 (d) The commission may make determinations and issue and enforce
38 orders at its own discretion or as a response to a petition filed by

1 the employer, any employee in the bargaining unit before expiration of
2 the applicable collective bargaining agreement, or any member of the
3 general public. The commission may, at its discretion, refer matters
4 of compliance to the state attorney general or other enforcement
5 agency.

6 (9) Civil enforcement provisions:

7 (a) Any person who willfully violates this section shall be fined
8 not more than ten thousand dollars.

9 (b) Any person who makes a false statement or representation of a
10 material fact, knowing it to be false, or who knowingly fails to
11 disclose a material fact, in any document, report, or other information
12 required under this section shall be fined not more than ten thousand
13 dollars.

14 (c) Any person who willfully makes a false entry in or willfully
15 conceals, withholds, or destroys any books, records, reports, or
16 statements required to be kept by this section shall be fined not more
17 than ten thousand dollars.

18 (d) Each individual required to sign reports under subsections (1),
19 (3), and (5) of this section is personally responsible for the filing
20 of those reports and for any statement contained therein which he or
21 she knows to be false.

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 47.64 RCW
23 to read as follows:

24 (1) A ferry employee organization must annually, not more than
25 sixty days after the end of its fiscal year, provide financial
26 disclosure information to all employees in the bargaining unit and to
27 the general public by filing with the commission a report containing
28 the following information, detailed by functional spending categories,
29 that accurately discloses its financial condition and operations for
30 the preceding fiscal year:

31 (a) Assets and liabilities at the beginning and end of the fiscal
32 year;

33 (b) Salary, the cost of fringe benefits, allowances, and other
34 direct or indirect disbursements to each officer of the local, the
35 ferry employee organization, and the support staff, as well as all
36 contributions to state or national affiliates and any official or
37 employee thereof;

1 (c) All income received or the value of services furnished to a
2 ferry employee organization by either a parent affiliated labor
3 organization or by any other labor organization on behalf of the ferry
4 employee organization;

5 (d) A report of the total amount spent by the ferry employee
6 organization, and an itemization of expenditures of more than one
7 thousand five hundred dollars for:

8 (i) Contract negotiation and administration;

9 (ii) Organizing activities;

10 (iii) Strike activities;

11 (iv) Litigation, specifying the matters and cases involved;

12 (v) Public relations activities;

13 (vi) Political activities, including contributions to candidates,
14 ballot measures, member communications, and get out the vote efforts;

15 (vii) Activities attempting to influence the passage or defeat of
16 federal, state, or local legislation or the content or enforcement of
17 federal, state, or local regulations or policies;

18 (viii) Voter education and issue advocacy activities;

19 (ix) Training activities for each officer of the ferry employee
20 organization or ferry employee organization support staff; and

21 (x) Conference, convention, and travel activities engaged in by the
22 ferry employee organization;

23 (e) The percentage of the ferry employee organization's total
24 expenditures that were spent for each of the activities described in
25 (d) of this subsection;

26 (f) The names, addresses, and activities of any of the law firms,
27 public relations firms, or lobbyists whose services are used by the
28 ferry employee organization for any activity described in (d) of this
29 subsection;

30 (g) A list of political candidates, political organizations,
31 charitable organizations, nonprofit organizations, and community
32 organizations to which the ferry employee organization contributed
33 financial or in-kind assistance and the dollar amount of such
34 assistance; and

35 (h) The name and address of any political action committees with
36 which the ferry employee organization is affiliated or to whom it
37 provides contributions, the total amount of contributions to those

1 committees, the candidates or causes to which the committees provided
2 any financial assistance, and the amount provided to each candidate or
3 cause.

4 (2) The report required in subsection (1) of this section must be
5 prepared by an auditing organization, independent of the ferry employee
6 organization, using generally accepted auditing standards and generally
7 accepted accounting principles, that ensures the accuracy and veracity
8 of the information provided by the ferry employee organization. All
9 expenditures must be reported as either germane to collective
10 bargaining, contract administration, or grievance processing, or not so
11 related.

12 (3) The ferry employee organization must disclose information to
13 all employees in the bargaining unit and to the general public by
14 filing with the commission a report signed by its president and
15 secretary or corresponding principal officers, and containing the
16 following information:

17 (a) The name of the ferry employee organization, its mailing
18 address, and any other address at which it maintains its principal
19 office or at which it keeps records;

20 (b) The name and title of each of its officers;

21 (c) The initiation fee or fees required from a new or transferred
22 member;

23 (d) The regular dues or fees or other periodic payments required to
24 remain a member of the reporting ferry employee organization; and

25 (e) Detailed statements regarding the provisions made and
26 procedures followed with respect to each of the following:

27 (i) Qualifications for, or restrictions on, membership;

28 (ii) Levying of assessments;

29 (iii) Participating in insurance or other benefit plans;

30 (iv) Authorization for disbursement of funds of the ferry employee
31 organization;

32 (v) Audit of financial transactions of the ferry employee
33 organization;

34 (vi) The calling of regular and special meetings;

35 (vii) The selection of officers and stewards;

36 (viii) Discipline or removal of officers or agents;

37 (ix) Imposition of fines, suspensions, and expulsions of members,

1 including the grounds for such an action and any provision made for
2 notice, hearing, judgment, and appeal;

3 (x) Authorization for bargaining demands; and

4 (xi) Ratification of contract terms.

5 (4) Any change in the information required by subsection (3) of
6 this section must be reported to the commission at the time the ferry
7 employee organization files with the commission the annual financial
8 report required in subsection (1) of this section.

9 (5) Every officer of a ferry employee organization and every
10 employee of a ferry employee organization, other than an employee
11 performing exclusively clerical or custodial services, shall file with
12 the commission within sixty days of the end of its fiscal year a signed
13 report listing and describing for the preceding fiscal year:

14 (a) Any stock, bond, security, loan given or received, or other
15 interest, legal or equitable, which he or she or a spouse or minor
16 child directly or indirectly held in, and any income or any other
17 benefit with monetary value, including reimbursed expenses, which he or
18 she or a spouse or minor child directly or indirectly derived from, any
19 business any part of which consists of buying from, selling or leasing
20 to, or otherwise dealing with, the employer;

21 (b) Any stock, bond, security, loan given or received, or other
22 interest, legal or equitable, which he or she or a spouse or minor
23 child directly or indirectly held in, and any income or any other
24 benefit with monetary value, including reimbursed expenses, which he or
25 she or a spouse or minor child directly or indirectly derived from, a
26 business any part of which consists of buying from, or selling or
27 leasing directly or indirectly to, or otherwise dealing with, the ferry
28 employee organization;

29 (c) Any direct or indirect business transaction or arrangement
30 between him or her or a spouse or minor child and the employer or any
31 subsidiary thereof whose employees the organization represents or is
32 actively seeking to represent, except work performed and payments and
33 benefits received as a bona fide employee of the employer; and

34 (d) Any payment of money or other thing of value, including
35 reimbursed expenses, which he or she or a spouse or minor child
36 received directly or indirectly from any person who acts as a labor
37 relations consultant to the employer.

1 (6) The provisions of subsection (5)(a) through (d) of this section
2 do not require any officer or employee to report his or her bona fide
3 investments in securities traded on a securities exchange registered as
4 a national securities exchange under the securities exchange act of
5 1934, in shares in an investment company registered under the
6 investment company act, or in securities of a public utility holding
7 company registered under the public utility holding company act of
8 1935, or to report any income derived therefrom.

9 (7) Every person required to file any report under subsections (1),
10 (3), and (5) of this section shall maintain records on the matters
11 required to be reported which will provide in sufficient detail the
12 necessary basic information and data from which the documents filed
13 with the commission may be verified, explained or clarified, and
14 checked for accuracy and completeness, and shall include vouchers,
15 worksheets, receipts, and applicable resolutions, and shall keep the
16 records available for examination for a period of not less than six
17 years after the filing of the documents based on the information which
18 they contain. The commission shall preserve the statements or reports
19 for not less than ten years. The contents of the reports and documents
20 filed with the commission under subsections (1), (3), and (5) of this
21 section are public information and shall be made available to the
22 public in the following manners:

23 (a) The commission shall by rule make reasonable provision for the
24 inspection and examination, on the request of any person, of the
25 information and data contained in any report or other document filed
26 under subsections (1), (3), and (5) of this section.

27 (b) The commission shall furnish copies of reports or other
28 documents filed with the commission under subsections (1), (3), and (5)
29 of this section at a charge based on the cost of the service.

30 (c) By ninety days after the effective date of this section, the
31 commission shall operate a web site or contract for the operation of a
32 web site that allows public access to reports, copies of reports, or
33 copies of data and information submitted in reports, filed with the
34 commission under subsections (1), (3), and (5) of this section.

35 (d) The ferry employee organization must make copies of reports or
36 other documents filed under subsections (1), (3), and (5) of this
37 section available to every employee in the bargaining unit, and must

1 annually notify every employee in the bargaining unit that the reports
2 are available on the commission's web site.

3 (8) The commission may determine whether an actual violation of
4 this section has occurred, and following that determination issue and
5 enforce an appropriate order subject to the following terms:

6 (a) If the commission finds that a ferry employee organization has
7 violated this section by failing or refusing to prepare the reports as
8 required in subsections (1), (3), and (5) of this section or by
9 preparing an incomplete or inaccurate report, the commission shall
10 issue an order compelling compliance and assess a fine of fifty dollars
11 for each day each report was overdue.

12 (b) On finding a second violation by the ferry employee
13 organization, the commission shall:

14 (i) Issue an order compelling compliance; and

15 (ii) Assess a fine of fifty dollars for each day each report was
16 overdue or order the refund of all membership dues or agency shop fees
17 to employees in the bargaining unit for the period covered by the
18 report, whichever amount is greater.

19 (c) On finding a third violation by the ferry employee
20 organization, the commission shall:

21 (i) Issue an order compelling compliance;

22 (ii) Assess a fine of fifty dollars for each day each report was
23 overdue or order the refund of all membership dues or agency shop fees
24 to employees in the bargaining unit for the period covered by the
25 report, whichever amount is greater; and

26 (iii) Order an employee election in the affected bargaining unit to
27 determine whether the ferry employee organization will continue to be
28 the exclusive bargaining representative of the bargaining unit. The
29 election shall be conducted upon the expiration of the existing
30 collective bargaining agreement covering the affected bargaining unit.

31 (d) The commission may make determinations and issue and enforce
32 orders at its own discretion or as a response to a petition filed by
33 the employer, any employee in the bargaining unit before expiration of
34 the applicable collective bargaining agreement, or any member of the
35 general public. The commission may, at its discretion, refer matters
36 of compliance to the state attorney general or other enforcement
37 agency.

38 (9) Civil enforcement provisions:

1 (a) Any person who willfully violates this section shall be fined
2 not more than ten thousand dollars.

3 (b) Any person who makes a false statement or representation of a
4 material fact, knowing it to be false, or who knowingly fails to
5 disclose a material fact, in any document, report, or other information
6 required under this section shall be fined not more than ten thousand
7 dollars.

8 (c) Any person who willfully makes a false entry in or willfully
9 conceals, withholds, or destroys any books, records, reports, or
10 statements required to be kept by this section shall be fined not more
11 than ten thousand dollars.

12 (d) Each individual required to sign reports under subsections (1),
13 (3), and (5) of this section is personally responsible for the filing
14 of those reports and for any statement contained therein which he or
15 she knows to be false.

16 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.52 RCW
17 to read as follows:

18 Section 2 of this act applies to employee organizations under this
19 chapter.

20 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.56 RCW
21 to read as follows:

22 The requirements applicable to employee organizations under section
23 2 of this act apply to bargaining representatives under this chapter.

24 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.59 RCW
25 to read as follows:

26 Section 2 of this act applies to employee organizations under this
27 chapter.

28 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.76 RCW
29 to read as follows:

30 Section 2 of this act applies to employee organizations under this
31 chapter.

32 NEW SECTION. **Sec. 8.** A new section is added to chapter 41.80 RCW
33 to read as follows:

1 Section 2 of this act applies to employee organizations under this
2 chapter.

3 NEW SECTION. **Sec. 9.** This act takes effect July 1, 2008.

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